

# HOUSE BILL No. 1295

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 7.1-4; IC 12-15; IC 12-16-7.5-4.5.

**Synopsis:** Taxes on alcoholic beverages for health care. Increases the excise taxes on all alcoholic beverages. Establishes the health care fund. Requires the family and social services administration to use the money to make intergovernmental transfers for disproportionate share hospital care, hospital care for the indigent, and the hospital care for the indigent upper payment level program. Specifies that 25 percent of the new revenue must be used to make payments to physician providers participating in Medicaid. (The introduced version of this bill was prepared by the select joint commission on Medicaid oversight.)

**Effective:** July 1, 2009.

---

---

**Brown T, Brown C, Welch**

---

---

January 13, 2009, read first time and referred to Committee on Interstate and International Cooperation.

---

---

C  
o  
p  
y



Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## HOUSE BILL No. 1295

A BILL FOR AN ACT to amend the Indiana Code concerning health.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 7.1-4-2-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. An excise tax,  
3 referred to as the beer excise tax, at the rate of ~~eleven and one-half~~  
4 **forty-one** cents (~~\$1.15~~) (**\$0.41**) a gallon is imposed upon the sale of  
5 beer or flavored malt beverage within Indiana.
- 6 SECTION 2. IC 7.1-4-3-1 IS AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Rate of Tax:~~ An  
8 excise tax at the rate of ~~two nine~~ dollars and ~~sixty-eight~~ **fifty-nine** cents  
9 (~~\$2.68~~) (**\$9.59**) a gallon is imposed upon the sale, gift, or the  
10 withdrawal for sale or gift, of liquor and wine that contains twenty-one  
11 percent (21%), or more, of absolute alcohol reckoned by volume.
- 12 SECTION 3. IC 7.1-4-4-1 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. An excise tax at the  
14 rate of ~~forty-seven~~ **one dollar and sixty-eight** cents (~~\$0.47~~) (**\$1.68**) a  
15 gallon is imposed upon the manufacture and sale or gift, or withdrawal  
16 for sale or gift, of wine, except hard cider, within this state.
- 17 SECTION 4. IC 7.1-4-4.5-1 IS AMENDED TO READ AS

2009

IN 1295—LS 6100/DI 58+



C  
o  
p  
y

FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. An excise tax at the rate of ~~eleven and one-half~~ **forty-one** cents (~~\$0.115~~) (**\$0.41**) a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of hard cider within Indiana.

SECTION 5. IC 7.1-4-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. ~~Rate of Tax:~~ An excise tax at the rate of ~~five~~ **eighteen** cents (~~5¢~~) (**\$0.18**) a gallon, or fraction of a gallon, is imposed upon the sale, gift, exchange, or barter of liquid malt or wort.

SECTION 6. IC 7.1-4-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. The department shall deposit:

- (1) four cents (\$0.04) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
- (2) one dollar (\$1) of the liquor excise tax rate collected on each gallon of liquor;
- (3) twenty cents (\$0.20) of the wine excise tax rate collected on each gallon of wine;
- (4) ~~the entire amount~~ **five cents (\$0.05)** of the malt excise tax rate collected ~~and on each gallon of liquid malt or wort;~~ and
- (5) ~~the entire amount~~ **eleven and one-half cents (\$0.115)** of the hard cider excise tax rate collected **on each gallon of hard cider;**

daily with the treasurer of state and not later than the fifth day of the following month shall cover them into the general fund of the state for distribution as provided in this chapter.

SECTION 7. IC 7.1-4-14 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

#### **Chapter 14. Health Care Fund**

**Sec. 1. (a) The health care fund is established to provide for disproportionate share hospital care under IC 12-15-17, hospital care for the indigent under IC 12-16-7.5, and the hospital care for the indigent upper payment level program. The fund shall be administered by the office of the secretary of family and social services. The fund consists of:**

- (1) revenues received under this chapter; and**
- (2) any appropriation to the fund.**

**(b) The expenses of administering the fund shall be paid from money in the fund.**

**(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**

**C  
o  
p  
y**



**Sec. 2. The treasurer of state shall transfer the balance in the fund at the end of each calendar quarter to the Medicaid indigent care trust fund established by IC 12-15-20-2 not later than five (5) business days after the end of each calendar quarter.**

**Sec. 3. (a) The department shall deposit daily with the treasurer of state:**

**(1) twenty-nine and one-half cents (\$0.295) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;**

**(2) six dollars and ninety-one cents (\$6.91) of the liquor excise tax rate collected on each gallon of liquor;**

**(3) one dollar and twenty-one cents (\$1.21) of the wine excise tax rate collected on each gallon of wine;**

**(4) thirteen cents (\$0.13) of the malt excise tax rate collected on each gallon of liquid malt or wort; and**

**(5) twenty-nine and one-half cents (\$0.295) of the hard cider excise tax rate collected on each gallon of hard cider.**

**(b) Not later than the fifth day of the following month, the treasurer of state shall transfer the deposits under subsection (a) to the health care fund established by this chapter.**

**SECTION 8. IC 12-15-15-1.5, AS AMENDED BY P.L.3-2008, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.5. (a) This section applies to a hospital that:**

**(1) is licensed under IC 16-21;**

**(2) is not a unit of state or local government; and**

**(3) is not owned or operated by a unit of state or local government.**

**(b) For a state fiscal year ending after June 30, 2003, and before July 1, 2007, in addition to reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:**

**STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospitals described in subsection (a).**

**STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals described in subsection (a), excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.**

**C  
o  
p  
y**



1 STEP THREE: The office shall calculate a reasonable estimate of  
 2 the amount that would have been paid in the aggregate by the  
 3 office for the inpatient hospital services and the outpatient  
 4 hospital services identified in STEP ONE under Medicare  
 5 payment principles.

6 STEP FOUR: Subtract the amount calculated under STEP TWO  
 7 from the amount calculated under STEP THREE.

8 STEP FIVE: Distribute an amount equal to the amount calculated  
 9 under STEP FOUR to the eligible hospitals described in  
 10 subsection (a) as follows:

11 (A) Subject to the availability of funds under  
 12 ~~IC 12-15-20-2(8)(D)~~ IC 12-15-20-2(8)(A) to serve as the  
 13 nonfederal share of such payment, the first ten million dollars  
 14 (\$10,000,000) of the amount calculated under STEP FOUR for  
 15 a state fiscal year shall be paid to a hospital described in  
 16 subsection (a) that has more than sixty thousand (60,000)  
 17 Medicaid inpatient days.

18 (B) Following the payment to the hospital under clause (A)  
 19 and subject to the availability of funds under  
 20 ~~IC 12-15-20-2(8)(D)~~ IC 12-15-20-2(8)(A) to serve as the  
 21 nonfederal share of such payments, the remaining amount  
 22 calculated under STEP FOUR for a state fiscal year shall be  
 23 paid to all hospitals described in subsection (a). The payments  
 24 shall be made on a pro rata basis based on the hospitals'  
 25 Medicaid inpatient days or other payment methodology  
 26 approved by the Centers for Medicare and Medicaid Services.  
 27 For purposes of this clause, a hospital's Medicaid inpatient  
 28 days are the hospital's in-state and paid Medicaid fee for  
 29 service and managed care days for the state fiscal year for  
 30 which services are identified under STEP ONE, as determined  
 31 by the office.

32 (C) Subject to IC 12-15-20.7, in the event the entirety of the  
 33 amount calculated under STEP FOUR is not distributed  
 34 following the payments made under clauses (A) and (B), the  
 35 remaining amount may be paid to hospitals described in  
 36 subsection (a) that are eligible under this clause. A hospital is  
 37 eligible for a payment under this clause only if the nonfederal  
 38 share of the hospital's payment is provided by or on behalf of  
 39 the hospital. The remaining amount shall be paid to those  
 40 eligible hospitals:

41 (i) on a pro rata basis in relation to all hospitals eligible  
 42 under this clause based on the hospitals' Medicaid inpatient

C  
o  
p  
y



days; or

(ii) other payment methodology determined by the office and approved by the Centers for Medicare and Medicaid Services.

(c) As used in this subsection, "Medicaid supplemental payments" means Medicaid payments for hospitals that are in addition to Medicaid fee-for-service payments, Medicaid risk-based managed care payments, and Medicaid disproportionate share payments, and that are included in the Medicaid state plan, including Medicaid safety-net payments, and payments made under this section and sections 1.1, 1.3, 9, and 9.5 of this chapter. For a state fiscal year ending after June 30, 2007, in addition to the reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services reimbursable under this article and under the state Medicaid plan that were provided during the state fiscal year for all hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified in STEP ONE, the office shall calculate the total payments made under this article and under the state Medicaid plan to all hospitals described in subsection (a). A calculation under this STEP excludes a payment made under the following:

(A) IC 12-15-16.

(B) IC 12-15-17.

(C) IC 12-15-19.

STEP THREE: The office shall calculate, under Medicare payment principles, a reasonable estimate of the total amount that would have been paid by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) As used in this clause, "Medicaid inpatient days" are the hospital's in-state paid Medicaid fee for service and risk-based managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office.

C  
o  
p  
y



1 Subject to the availability of funds transferred to the Medicaid  
 2 indigent care trust fund under STEP FOUR of  
 3 IC 12-16-7.5-4.5(c) and remaining in the Medicaid indigent  
 4 care trust fund under ~~IC 12-15-20-2(8)(G)~~  
 5 **IC 12-15-20-2(8)(C)** to serve as the nonfederal share of the  
 6 payments, the amount calculated under STEP FOUR for a  
 7 state fiscal year shall be paid to all hospitals described in  
 8 subsection (a). The payments shall be made on a pro rata basis,  
 9 based on the hospitals' Medicaid inpatient days or in  
 10 accordance with another payment methodology determined by  
 11 the office and approved by the Centers for Medicare and  
 12 Medicaid Services.

13 (B) Subject to IC 12-15-20.7, if the entire amount calculated  
 14 under STEP FOUR is not distributed following the payments  
 15 made under clause (A), the remaining amount shall be paid as  
 16 described in clauses (C) and (D) to a hospital that is described  
 17 in subsection (a) and that is described as eligible under this  
 18 clause. A hospital is eligible for a payment under clause (C)  
 19 only if the hospital:

20 (i) has less than sixty thousand (60,000) Medicaid inpatient  
 21 days annually;

22 (ii) was eligible for Medicaid disproportionate share hospital  
 23 payments in the state fiscal year ending June 30, 1998, or  
 24 the hospital met the office's Medicaid disproportionate share  
 25 payment criteria based upon state fiscal year 1998 data and  
 26 received a Medicaid disproportionate share payment for the  
 27 state fiscal year ending June 30, 2001; and

28 (iii) received a Medicaid disproportionate share payment  
 29 under IC 12-15-19-2.1 for state fiscal years 2001, 2002,  
 30 2003, and 2004.

31 The payment amount under clause (C) for an eligible hospital  
 32 is subject to the availability of the nonfederal share of the  
 33 hospital's payment being provided by the hospital or on behalf  
 34 of the hospital.

35 (C) For state fiscal years ending after June 30, 2007, but  
 36 before July 1, 2009, payments to eligible hospitals described  
 37 in clause (B) shall be made as follows:

38 (i) The payment to an eligible hospital that merged two (2)  
 39 hospitals under a single Medicaid provider number effective  
 40 January 1, 2004, shall equal one hundred percent (100%) of  
 41 the hospital's hospital-specific limit for the state fiscal year  
 42 ending June 30, 2005, when the payment is combined with

C  
o  
p  
y



any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(ii) The payment to an eligible hospital described in clause (B) other than a hospital described in item (i) shall equal one hundred percent (100%) of the hospital's hospital specific limit for the state fiscal year ending June 30, 2004, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(D) For state fiscal years beginning after June 30, 2009, payments to an eligible hospital described in clause (B) shall be made in a manner determined by the office.

(E) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A) and clauses (C) or (D), the remaining amount may be paid as described in clause (F) to a hospital described in subsection (a) that is described as eligible under this clause. A hospital is eligible for a payment for a state fiscal year under clause (F) if the hospital:

(i) is eligible to receive Medicaid disproportionate share payments for the state fiscal year for which the Medicaid disproportionate share payment is attributable under IC 12-15-19-2.1, for a state fiscal year ending after June 30, 2007; and

(ii) does not receive a payment under clauses (C) or (D) for the state fiscal year.

A payment to a hospital under this clause is subject to the availability of nonfederal matching funds.

(F) Payments to eligible hospitals described in clause (E) shall be made:

(i) to best use federal matching funds available for hospitals that are eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and

(ii) by using a methodology that allocates available funding under this clause, Medicaid supplemental payments, and payments under IC 12-15-19-2.1, in a manner in which all hospitals eligible under clause (E) receive payments in a manner that takes into account the situation of eligible hospitals that have historically qualified for Medicaid

C  
o  
p  
y





disproportionate share payments and ensures that payments for eligible hospitals are equitable.

(G) If the Centers for Medicare and Medicaid Services does not approve the payment methodologies in clauses (A) through (F), the office may implement alternative payment methodologies that are eligible for federal financial participation to implement a program consistent with the payments for hospitals described in clauses (A) through (F).

(d) A hospital described in subsection (a) may appeal under IC 4-21.5 the amount determined by the office to be paid to the hospital under STEP FIVE of ~~subsections~~ **subsection** (b) or (c). The distribution to other hospitals under STEP FIVE of subsection (b) or (c) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under STEP FIVE of subsection (b) or (c) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based on estimates and trends calculated by the office.

SECTION 9. IC 12-15-20-2, AS AMENDED BY P.L.218-2007, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. The Medicaid indigent care trust fund is established to pay the non-federal share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (8), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

(4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

(5) Payments to hospitals under IC 12-15-15-9.

(6) Payments to hospitals under IC 12-15-15-9.5.

(7) Payments, funding, and transfers as otherwise provided in ~~clauses (8)(D), (8)(F), and (8)(G).~~ **subdivision (8)(A) and (8)(C).**

(8) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, the following apply:

~~(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for state fiscal years ending on or before June 30, 2000, shall be used to fund the~~

C  
o  
p  
y



state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year ending June 30, 2001, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal year shall be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(C) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, for state fiscal years beginning July 1, 2001, and July 1, 2002, an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998; minus

(ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2001, and July 1, 2002;

shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, must be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(D) (A) The intergovernmental transfers, which shall include amounts transferred under IC 12-16-7.5-4.5, deposited into the Medicaid indigent care trust fund and the certifications of public expenditures deemed to be made to the Medicaid indigent care trust fund, for the state fiscal years ending after June 30, 2005, but before July 1, 2007, shall be used, in descending order of priority, as follows:

(i) As provided in clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the amount to be transferred to the office.

C  
o  
p  
y



(ii) As provided in clause (C) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (C) of STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5.

(iii) To fund the non-federal share of the payments made under IC 12-15-15-1.1, IC 12-15-15-1.3, and IC 12-15-19-8.

(iv) As provided under clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(2), for the payment to be made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b).

(v) As provided under STEP FOUR of IC 12-16-7.5-4.5(b)(1) and STEP FOUR of IC 12-16-7.5-4.5(b)(2), to fund the payments to be made under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(vi) To fund, in an order of priority determined by the office to best use the available non-federal share, the programs listed in clause ~~(H)~~: **(D)**.

~~(E)~~ **(B)** For state fiscal years ending after June 30, 2007, the total amount of intergovernmental transfers used to fund the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5 shall not exceed the amount provided in clause ~~(G)(ii)~~: **(C)(ii)**.

~~(F)~~ As provided in clause ~~(D)~~, for the following:

(i) Each state fiscal year ending after June 30, 2003; but before July 1, 2005, an amount equal to the amount calculated under STEP THREE of the following formula shall be transferred to the office:

STEP ONE: Calculate the product of thirty-five million dollars (\$35,000,000) multiplied by the federal medical assistance percentage for federal fiscal year 2003:

STEP TWO: Calculate the sum of the amounts, if any, reasonably estimated by the office to be transferred or otherwise made available to the office for the state fiscal year; and the amounts, if any, actually transferred or otherwise made available to the office for the state fiscal year, under arrangements whereby the office and a hospital licensed under IC 16-21-2 agree that an amount transferred or otherwise made available to the office by the hospital or on behalf of the hospital shall be included in the calculation under this STEP:

STEP THREE: Calculate the amount by which the product calculated under STEP ONE exceeds the sum calculated under STEP TWO:

**C  
o  
p  
y**



(ii) The state fiscal years ending after June 30, 2005, but before July 1, 2007, an amount equal to thirty million dollars (\$30,000,000) shall be transferred to the office.

(G) (C) Subject to IC 12-15-20.7-2(b), for each state fiscal year ending after June 30, 2007, the total amount in the Medicaid indigent care trust fund, including the amount of intergovernmental transfers of funds transferred, and the amounts of certifications of expenditures eligible for federal financial participation deemed to be transferred, to the Medicaid indigent care trust fund, shall be used to fund the following:

(i) Thirty million dollars (\$30,000,000) transferred to the office for the Medicaid budget.

(ii) An amount not to exceed the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5.

(iii) An amount not to exceed the non-federal share of payments to hospitals made under IC 12-15-15-1.1 and IC 12-15-15-1.3.

(iv) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-8.

(v) An amount not to exceed the non-federal share of payments to hospitals under clause (A) of STEP FIVE of IC 12-15-15-1.5(c).

(vi) An amount not to exceed the non-federal share of Medicaid safety-net payments.

(vii) An amount not to exceed the non-federal share of payments to hospitals made under clauses (C) or (D) of STEP FIVE of IC 12-15-15-1.5(c).

(viii) An amount not to exceed the non-federal share of payments to hospitals made under clause (F) of STEP FIVE of IC 12-15-15-1.5(c).

(ix) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-2.1.

(x) If additional funds are available after making payments under items (i) through (ix), to fund other Medicaid supplemental payments for hospitals approved by the office and included in the Medicaid state plan.

(H) (D) For purposes of clause (D)(vi); (A)(vi), the office shall fund the following:

C  
o  
p  
y



(i) An amount equal to the non-federal share of the payments to the hospital that is eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments and any payment made under IC 12-15-19-2.1. The amount of the payments to the hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2005, when the payments are combined with payments made under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998, the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004, and the hospital merged two (2) hospitals under a single Medicaid provider number, effective January 1, 2004.

(ii) An amount equal to the non-federal share of payments to hospitals that are eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments, and any payment made under IC 12-15-19-2.1. The amount of payments to each hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2004, when the payments are combined with payments made to the hospital under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital did not receive a payment under item (i), the hospital has less than sixty thousand (60,000) Medicaid inpatient days annually, the hospital either was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998, or the hospital met the office's Medicaid disproportionate share payment criteria based on state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001, and the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

**C**  
**O**  
**P**  
**Y**



(iii) Subject to IC 12-15-19-6, an amount not less than the non-federal share of Medicaid safety-net payments in accordance with the Medicaid state plan.

(iv) An amount not less than the non-federal share of payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office to a hospital having sixty thousand (60,000) Medicaid inpatient days annually.

(v) An amount not less than the non-federal share of Medicaid disproportionate share payments for hospitals eligible under this item, and made under IC 12-15-19-6 and the approved Medicaid state plan. A hospital is eligible for a payment under this item if the hospital is eligible for payments under IC 12-15-19-2.1.

(vi) If additional funds remain after the payments made under (i) through (v), payments approved by the office and under the Medicaid state plan, to fund the non-federal share of other Medicaid supplemental payments for hospitals.

SECTION 10. IC 12-15-20.7-2, AS AMENDED BY P.L.218-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) For each state fiscal year, ~~ending before July 1, 2005; and subject to section 3 of this chapter;~~ the office shall make the payments identified in this section in the following order:

- (1) First, payments under ~~IC 12-15-15-9 and IC 12-15-15-9.5.~~
- (2) Second, payments under clauses (A) and (B) of STEP FIVE of ~~IC 12-15-15-1.5(b).~~
- (3) Third, Medicaid inpatient payments for safety-net hospitals and Medicaid outpatient payments for safety-net hospitals.
- (4) Fourth, payments under ~~IC 12-15-15-1.1 and 12-15-15-1.3.~~
- (5) Fifth, payments under ~~IC 12-15-19-8~~ for municipal disproportionate share hospitals.
- (6) Sixth, payments under ~~IC 12-15-19-2.1~~ for disproportionate share hospitals.
- (7) Seventh, payments under clause (C) of STEP FIVE of ~~IC 12-15-15-1.5(b).~~

**use the revenue being transferred under IC 7.1-4-14 to make intergovernmental transfers for:**

- (1) disproportionate share hospital care under IC 12-15-17;**
- (2) hospital care for the indigent under IC 12-16-7.5; and**
- (3) the hospital care for the indigent upper payment level program.**

**The office shall use twenty-five percent (25%) of the amount**

**C  
o  
p  
y**



transferred to the Medicaid indigent care trust fund under IC 7.1-4-14 to make payments to providers who are physicians licensed under IC 25-22.5 and who participate in the Medicaid program, as provided by IC 12-15-13.

(b) For each state fiscal year, ending after June 30, 2007, the office shall make the payments for the programs identified in ~~IC 12-15-20-2(8)(G)~~ IC 12-15-20-2(8)(C) in the order of priority that best utilizes available non-federal share, Medicaid supplemental payments, and Medicaid disproportionate share payments, and may change the order or priority at any time as necessary for the proper administration of one (1) or more of the payment programs listed in ~~IC 12-15-20-2(8)(G)~~ IC 12-15-20-2(8)(C).

SECTION 11. IC 12-16-7.5-4.5, AS AMENDED BY P.L.146-2008, SECTION 388, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.5. (a) Not later than October 31 following the end of each state fiscal year, the division shall:

(1) calculate for each county the total amount of payable claims submitted to the division during the state fiscal year attributed to:

(A) patients who were residents of the county; and

(B) patients:

(i) who were not residents of Indiana;

(ii) whose state of residence could not be determined by the division; and

(iii) who were residents of Indiana but whose county of residence in Indiana could not be determined by the division;

and whose medical condition that necessitated the care or service occurred in the county;

(2) notify each county of the amount of payable claims attributed to the county under the calculation made under subdivision (1); and

(3) with respect to payable claims attributed to a county under subdivision (1):

(A) calculate the total amount of payable claims submitted during the state fiscal year for:

(i) each hospital;

(ii) each physician; and

(iii) each transportation provider; and

(B) determine the amount of each payable claim for each hospital, physician, and transportation provider listed in clause

(A).

(b) For the state fiscal years beginning after June 30, 2005, but

C  
o  
p  
y



before July 1, 2007, and before November 1 following the end of a state fiscal year, the division shall allocate the funds transferred from a county's hospital care for the indigent fund to the state hospital care for the indigent fund under IC 12-16-14 during or for the following state fiscal years:

(1) For the state fiscal year ending June 30, 2006, as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

- (A) the amount of total physician payable claims and total transportation provider payable claims; or
- (B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division to make payments under section 5 of this chapter.

STEP THREE: Transfer an amount equal to the sum of:

- (A) the non-federal share of the payments made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);
- (B) the amount transferred under IC 12-15-20-2(8)(F), **as it existed on January 1, 2009**; and
- (C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to sixty-one million dollars (\$61,000,000) less the sum of:

- (A) the amount determined in STEP TWO; and
- (B) the amount transferred under STEP THREE;

to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

STEP FIVE: Transfer to the Medicaid indigent care trust fund for the programs referenced at ~~IC 12-15-20-2(8)(D)(vi)~~ **IC 12-15-20-2(8)(A)(vi)** and funded in accordance with ~~IC 12-15-20-2(8)(H)~~ **IC 12-15-20-2(8)(D)** the amount determined under STEP ONE, less the sum of the amount:

C  
o  
p  
y





- (A) determined in STEP TWO;
- (B) transferred in STEP THREE; and
- (C) transferred in STEP FOUR.

(2) For the state fiscal year ending June 30, 2007, as required under the following steps:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

- (A) the amount of total physician payable claims and total transportation provider payable claims; or
- (B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division for making payments under section 5 of this chapter or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.

STEP THREE: Transfer an amount equal to the sum of:

- (A) the non-federal share of five million dollars (\$5,000,000) for the payment made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);
- (B) the amount transferred under IC 12-15-20-2(8)(F), **as it existed on January 1, 2009**; and
- (C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to the amount determined under STEP ONE less the sum of:

- (A) the amount determined in STEP TWO; and
  - (B) the amount transferred under STEP THREE;
- to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(c) For the state fiscal years beginning after June 30, 2007, before November 1 following the end of the state fiscal year, the division shall allocate the funds transferred to the state hospital care for the indigent

C  
o  
p  
y



fund for the state fiscal year as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred to the state hospital care for the indigent fund for the state fiscal year.

~~STEP TWO: Determine the amount specified in STEP THREE.~~

~~STEP THREE: The amount to be used under STEP TWO is three million dollars (\$3,000,000).~~

STEP ~~FOUR~~ **TWO**: Transfer to the Medicaid indigent care trust fund for purposes of ~~IC 12-15-20-2(8)(G)~~ **IC 12-15-20-2(8)(C)** an amount equal to the amount calculated under STEP ONE ~~amount~~, minus an amount equal to the amount specified under ~~STEP THREE: three million dollars (\$3,000,000).~~

STEP ~~FIVE~~ **THREE**: The division shall retain an amount equal to the amount remaining in the state hospital care for the indigent fund after the transfer in STEP ~~FOUR~~ **TWO** for purposes of making payments under section 5 of this chapter or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.

(d) The costs of administering the hospital care for the indigent program, including the processing of claims, shall be paid from the funds transferred to the state hospital care for the indigent fund.

SECTION 12. [EFFECTIVE JULY 1, 2009] (a) **IC 7.1-4-2-1, IC 7.1-4-3-1, IC 7.1-4-4-1, IC 7.1-4-4.5-1, and IC 7.1-4-5-1, all as amended by this act, apply to transactions occurring after June 30, 2009.**

(b) **This SECTION expires June 30, 2010.**

**C  
o  
p  
y**

